S. HRG. 101-937

BRANKO TERZIC NOMINATION

HEARING

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON THE

NOMINATION OF BRANKO TERZIC TO BE A COMMISSIONER OF THE FEDERAL ENERGY REGULATORY COMMISSION

SEPTEMBER 28, 1990

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BRANKO TERZIC NOMINATION

FRIDAY, SEPTEMBER 28, 1990

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 11:02 a.m., in room SD-366, Dirksen Senate Office Building, Hon. Wendell H. Ford, presiding.

OPENING STATEMENT OF HON. WENDELL H. FORD, U.S. SENATOR FROM KENTUCKY

Senator FORD. The committee will come to order.

This hearing is on President Bush's nomination of Branko Terzic to be a Commissioner of the Federal Energy Regulatory Commission. And without objection—and I do not see anybody here to object—the written testimony of each of the witnesses, the committee questionnaire, and the financial disclosure statement will be submitted and made a part of the record.

I for one am pleased that President Bush has at long last submitted the nomination to fill the fifth Commissioner seat that has been vacant since November of 1989, and now we will have a full Commission. I say at the beginning I visited with the nominee, and I am impressed, and I shall do what I can to see that he is expeditiously approved.

We are very pleased to have the two Senators from Wisconsin with us this morning, and we ask them for their statements.

Senator Kasten.

STATEMENT OF HON. ROBERT W. KASTEN, JR., U.S. SENATOR FROM WISCONSIN

Senator KASTEN. Mr. Chairman, thank you very much.

I first of all want to say that I am pleased to have this opportunity to introduce a friend, I can say an old friend, and a truly excellent nominee for Commissioner at the Federal Energy Regulatory Commission.

Branko Terzic is an experienced engineer, Mr. Chairman, who has spent his entire life in the regulatory arena. For 6 years he was a public service commissioner in Wisconsin. He currently serves as an expert consultant on regulatory policy. His professional service as the public service commissioner was simply superb.

The nominee also brings I think an extraordinary personal background to this new task, and I would like to speak about that for just a moment.

After spending the first 3 years of his life in a refugee camp in West Germany, Branko and his parents fled from the Communist government of their native Yugoslavia.

From his earliest years, Branko has recognized how great the blessings of freedom really are; and he has used them to make his family, the Serbian American community, and our city of Milwaukee as a whole better off.

His contributions to the Milwaukee community and to the whole State of Wisconsin are simply outstanding and are widely appreciated and widely recognized. And in recognition of his business and civic achievements, the Greater Milwaukee Legal Auxiliary last year named Branko the naturalized citizen of the year.

So, we have today, Mr. Chairman, an individual with a superb resume with regard to the professional work that he has done during his life, particularly as a regulator in the State of Wisconsin, but even more important I believe, an individual who can make an outstanding contribution as he continues his life in public service.

So, I am pleased, Mr. Chairman, that you said that you are hoping that we can move this nomination quickly. I hope we can move this nomination quickly and we can do it before we adjourn, whenever that is going to be.

Senator FORD. My dad always told me, Senator, when you make a sale, quit talking.

[Laughter.]

Senator KASTEN. Well, Mr. Chairman, I am just very, very pleased to support this terrific nominee, and I thank you for your statement of support.

Senator FORD. Senator Kohl.

STATEMENT OF HON. HERBERT H. KOHL, U.S. SENATOR FROM WISCONSIN

Senator KOHL. Thank you, Senator Ford.

I am also pleased to be here with my colleague from Wisconsin, Senator Kasten, to introduce and recommend Branko Terzic to the Energy and Natural Resources Committee and to recommend his confirmation to a seat on the Federal Energy Regulatory Commission.

Mr. Terzic, as has been noted, is from Wisconsin. He is from my own home city of Milwaukee, and I have known him for many, many years. We frequent many of the same places, and I have come to know him in a rather detailed and personalized way.

He is frequently described—and it is accurate—by friends and colleagues as a fair-minded, knowledgeable person, very well aware of all the issues. He is pragmatic, and he is also an independent thinker.

I regret to say he is not from my own party. I wish he were because he is such a fine person, I would love to have him as a Democrat.

Besides his personal qualifications for the job, I believe that Mr. Terzic will restore balance to the Commission because he comes from a midwestern consuming State. In addition, the Commission will benefit from his professional background as an engineer who

has worked in the utility industry and understands the technical side of the industry. And this background should prove extremely valuable to the Commission as it attempts to fairly balance the needs of industry and consumers during a time of change and uncertainty in the Nation's energy markets.

Finally, I would just like to make one small request of Mr. Terzic. After you are confirmed, Branko—and I know you will be—I hope that you will take an active part in helping to reform and improve the requirements for public notice and participation in FERC proceedings. This particular matter recently came to my attention when I was contacted by a number of landowners in Dane County, Wisconsin, who found that FERC had approved the siting of a pipeline through their property even before they knew anything about it.

I believe that the controversy which currently surrounds this pipeline could have been largely mitigated if the public had been brought into the process right from the beginning. I have been in touch with FERC, and I am informed that they are taking steps to improve their public notice procedures, but I believe that FERC can do more, and I hope that you, Branko, will push the agency even further in making the process more open and fair to everybody involved.

I thank the committee for this opportunity to recommend Mr. Terzic to a position on the Commission. I think he will do a great job and will pursue policies which are good for consumers, industry, and the environment.

Thank you, Mr. Chairman.

Senator FORD. Thank you, Senator Kohl.

I might say that Senator McClure regrets that he has a commitment outside of the District this morning and cannot be here for this hearing. But he does have a statement for the record and will have questions for the witness that I hope that he can answer expeditiously so it will not jeopardize the orderly flow of his nomination. So, this will be included in the record.

[The prepared statement of Senator McClure follows:]

PREPARED STATEMENT OF HON. JAMES A. MCCLURE, U.S. SENATOR FROM IDAHO

Good morning. I would like to begin by welcoming to the committee today Mr. Branko Terzic, the President's nominee to be a member of the Federal Energy Regulatory Commission.

Mr. Terzic is currently group vice president for AUS Consultants, a firm specializing in regulatory policy, valuation and depreciation, acquisition and divestiture, and strategic planning for regulated public utilities and the investment community. He also serves as chairman for the State of Wisconsin racing board, a newly-created regulatory agency, and is on the board of directors for the National Association of Regulatory Utility Commissioners' National Regulatory Research Institute at the Ohio State University. Mr. Terzic is a former public service commissioner for the State of Wisconsin and holds a bachelor of science degree in energy engineering.

I believe Mr. Terzic's experience in regulatory matters make him well-qualified to be a member of the Federal Energy Regulatory Commission and I am pleased to support his nomination.

Senator FORD. Mr. Terzic, the Senators are going to be leaving.

It is the policy of this committee that the nominee would be sworn. If you will hold up your right hand.

[Whereupon, Branko Terzic was duly sworn by Senator Ford.]

Senator FORD. Thank you, sir, and you may be seated.

We have some routine questions that are normally asked of each of the nominees, and I will do that at this time. But before I do that, I will call on you. If you have a statement you would like to make, we would be glad to hear it.

STATEMENT OF BRANKO TERZIC, NOMINEE TO BE A COMMISSIONER, FEDERAL ENERGY REGULATORY COMMISSION

Mr. TERZIC. Thank you very much, Senator.

Mr. Chairman, members of the committee, it is my great honor to come before this committee as President Bush's nominee for the Federal Energy Regulatory Commission for the term ending October 20, 1991. First I would like to thank you, Senator, and other members of the committee and your staffs for their courtesies and assistance and the promptness in responding to me as I am preparing for this nomination.

I would also, with your indulgence, like to introduce my wife, who is here with me and has been at my side for these past 12 years, Judy. The three grade-schoolers are in school today, but will hear all about it tonight from us when we return to Milwaukee.

Mr. Chairman, I offer myself for your review and consideration, to advise and consent, on this nomination to the FERC. I appear before you both as a private citizen and currently as a State official seeking to serve all the people of the United States in this position of trust in the Federal Government.

To this position I would bring with your approval my experiences as a State government official, my education and background in engineering, and my knowledge of the utility industries and of regulation in the United States.

My U.S. Senators were kind enough to read to you and tell you about my biography, so I will not allude to that now. I would like to thank Senator Kasten, whom I have known for over 20 years, for his assistance in this nomination. And I would also like to thank Senator Kohl, who has also been a friend. He and I grew up in the same neighborhood and have many of the same roots back in Milwaukee in those communities.

Senator FORD. You just did not make as much money as he did. Is that it?

[Laughter.]

Mr. TERZIC. A quick inspection of my financial statement will prove that rather quickly, sir.

[Laughter.]

Mr. TERZIC. I have filed a written statement for you, Senator, and I will not read it.

I would say that I am prepared, I feel, to join the Federal Energy Regulatory Commission. I have spent a career in the utility industry, including service as a regulator. I was also called upon by Governor Tommy Thompson to help establish the newly created parimutuel racing industry regulatory body in Wisconsin. Prior to that, I regulated the utilities in all aspects, and I think all of this has helped prepare me for this public service.

During this entire period, for the past 18 years, I have also attempted to repay the debt to this country by maintaining and reenlisting in the National Guard for the past 18 years. I felt it was an

obligation and an opportunity which I had, and I would add that I did enjoy it. Thus, I have attempted all through my life to respond to the kindness of the people of this country in allowing my family to settle here.

My vision of my role as a commissioner includes a respect for the law, respect for due process, sensitivity to the impact of FERC decisions on all the citizens of this great country, on the citizens as consumers, on the citizens as employees, and on the citizens as those who also wish to participate in a decision making by having the kind of notice that Senator Kohl, for example, alluded to as a problem.

I am aware of the fact that the FERC and regulatory commissions are collegial bodies. As such, the effectiveness of their regulation is judged by the actions of the Commission as a body and not necessarily by individual efforts of any one Commissioner. To you and my future colleagues I pledge to listen carefully, to share my knowledge and experience, to accept the notion that all of us carry the concern for the well-being of all of our citizens, and to work to create, cooperatively, constructive solutions to the many regulatory challenges brought before this agency.

The next few years require this Commission to address crucial energy problems brought about by an expanding world economy, by finite natural resources, and by our increasing respect for our environment. In the face of these uncertainties, the Nation's energy policy must seek to balance all the significant elements which individually are important and are collectively vital. These include energy diversity, adequacy of supply, prices relying on market forces where appropriate, long-term considerations and environmental sensitivity. To this end, I pledge my efforts, my intellect, and my honor.

On a closing note, I must tell you how great a thrill it is to even be considered for this job. Senator Kasten informed you that, yes, I am an immigrant to this country. I was born in a displaced persons' camp to survivors of World War II. My parents, Dusan and Olivera Terzic, a young Serbian couple, found themselves in the world alone with myself, their one son, in a refugee camp in northern Germany. In May of 1950, by the grace of God and the will of the American people and by act of Congress, we were permitted to enter the United States through the Port of New Orleans.

For this I am eternally grateful to this country, and I hope I can through my service in government return something for the great gift of freedom and opportunity which has been given to our entire family and to all the other immigrants who have come here.

I am sorry that my mother could not be here. She died earlier this year, but I know she was aware that I was preparing myself for this moment, and she is with me in my spirit.

Mr. Chairman, thank you, and members of the committee, for your attention and kindness. I would be pleased to answer any questions which you may have.

[The prepared statement of Mr. Terzic follows:]

STATEMENT OF BRANKO TERZIC, NOMINEE TO BE A COMMISSIONER, FEDERAL ENERGY REGULATORY COMMISSION

Mr. Chairman and members of the Committee, it is my great honor to appear before this Committee as President Bush's nominee for the position of Commissioner of the Federal Energy Regulatory Commission for a term ending October 20, 1991. I would like to thank the Chairman, members of the Committee and the Senators' and Committee's staff for their courtesies, assistance and promptness as I prepared for this nomination.

Mr. Chairman, I offer myself for your review and consideration, to advise and consent, on this nomination, to the FERC. I appear before you as both a private citizen and State official in Wisconsin seeking to serve all the people of the United States in this position of trust in the Federal Government.

To the position of Commissioner I would bring, with your approval, my experiences as a State governmental official, my education as an engineer and my knowledge of the utility industries regulated by the FERC.

The past 20 years have provided me with a wide range of experiences to help me prepare to serve on the FERC. After graduating with a degree in energy engineering, I worked for an electric and gas utility in the areas of regulatory compliance and environmental engineering. Soon after I joined a consulting firm to begin a career as a consultant to the electric, gas, telephone, water industries and to State regulators. For the next 8 years I traveled around this country visiting power plants, transmission lines, pipelines, and other utility plant for valuation, depreciation and ratemaking purposes. This experience impressed upon me both the great diversity of geography and technology and the great similarity of the service requirements and demands of the American people. This period of travel also impressed upon me the universal friendliness and hospitality of our great people to strangers in their midst.

In 1981 I had the honor to be nominated and confirmed to a full 6-year term on the Wisconsin Public Service Commission. The period 1981 to December 1986 saw dramatic changes in the utility industries. The AT&T system was divided and competition was introduced in the long distance telephone industry. The energy utilities, electric and natural gas, experienced at the State level significant retail price increases which strained the public's understanding of regulation and affected the public's views of these industries. As a Wisconsin Public Service Commissioner, I endeavored to maintain full and frequent contact with citizens of the State while providing knowledgeable, firm and fair regulation of the electric and gas distribution utility industries. During this period I remained active on national committees with fellow State and Federal regulators working to increase the body of knowledge and understanding of regulation.

Subsequent to completing my term as Commissioner, I returned to the private sector as a utility consultant maintaining my office in Milwaukee. Soon after opening that office, however, I was called upon by Governor Tommy Thompson to help establish the regulation of the newly enabled parimutuel racing industry in Wisconsin. Nominated to a 5-year term by the Governor, confirmed by the State Senate, I was then elected by my fellow board members Chairman of the first ever State of Wisconsin Racing Board. This returned me to regulation and to public service on a part-time basis.

During these same years, I maintained my commitment to the security of this country by continuing in service with the Wisconsin National Guard beyond my initial 6-year commitment. Enlisting as a private, I had the opportunity to attend our State officers' candidate program and have served as a commissioned officer for 16 of my 18 years of service.

Today, I appear before you, fully ready to join the current Federal Energy Regulatory Commission under the competent and collegial leadership of Chairman Martin Allday and an extremely knowledgeable and experienced Commission supported by a fine and dedicated staff.

My vision of my role as a Commissioner includes a respect for the law, respect for due process and sensitivity to the impact of FERC decisions on the ultimate consumers—the citizens of our great country.

Foremost, also in my mind is the fact that these regulatory commissions are collegial bodies. As such, the effectiveness of regulation is judged by the actions of the Commission as a body and not by the individual efforts of any one Commissioner. To you and to my future colleagues, I pledge to listen carefully, to share my own knowledge and experience, to accept the notion that we all carry the concern for the well-being of all our citizens, and to work to create, cooperatively, constructive solutions to the many regulatory challenges brought before the agency.

The next few years require this Commission to address crucial energy problems brought about by an expanding world economy, finite natural resources and increasing respect for our fragile environment. In the face of these uncertainties and considerations, the Nation's energy policy must seek to balance significant elements, all individually important, and collectively vital. These elements include energy diversity, adequacy of supply, prices relying on market forces where appropriate, long-term considerations and environmental sensitivity. To this end, I pledge my efforts, my intellect, my honor.

In a closing note, I must tell you how great a thrill it is to even be considered for a position in the U.S. Government. I must first thank the people of this country and your predecessors in the Congress for opening the doors to the many displaced persons, survivors of the Second World War in Europe. My parents, Dusan and Olivera Terzic, a young Serbian couple then, found themselves alone in the world with one son, in a refugee camp in northern Germany after the war. In May of 1950, by the grace of God and the will of the American people, we were permitted entry to the United States through the port of New Orleans.

For this I am eternally grateful to this country and hope I can, through my service in Government, return something for the great gift of freedom and opportunity, given to our family by the American people. My mother died earlier this year and thus is not with me today to share this moment. However, I know she wished me to offer myself for this position and to return through this service that gift we have been given.

Thank you, Mr. Chairman and members of the Committee, for your attention and kindness. I would be pleased to answer any questions you may have at this time.

Senator FORD. Thank you, Mr. Terzic.

I have the three normal questions that are asked of each nominee.

First, will you be available to appear before this committee and other congressional committees to represent Commission positions and respond to issues of concern to the Congress?

Mr. TERZIC. Yes, I will, Mr. Chairman.

Senator FORD. Are you aware of any personal holdings, investments, or interest that could constitute a conflict of interest or create the appearance of such a conflict should you be confirmed and assume the office to which you have been nominated by the President?

Mr. TERZIC. No, Mr. Chairman, I am not.

Senator FORD. Are you involved or do you have any assets held in blind trust?

Mr. TERZIC. No, I do not.

Senator FORD. I might say that we will hold the hearing open until 5 this afternoon for questions of other Senators that they might have to be submitted to you, Mr. Terzic, in writing so that you might answer any concerns that they might have, as I said earlier, in an expeditious manner so we might proceed without bumps in the road to your confirmation.

And I say to those that are here, Senator Domenici, is on his way to visit with you for a few moments, and there are some questions that he might have.

I have no questions of you, Mr. Terzic, as we had an opportunity to visit in my office. I thought you gave one of the best answers I heard. I said he was dressed too well to be an engineer that understood dirt and that sort of thing. He said, well, I am an engineer, and when you have been an engineer and go through it all, you have been in the hole. So, I thought after that, I would just tread lightly and ask other questions.

[Laughter.]

Senator FORD. But I did enjoy our visit, and I thought it was very good. You answered all the questions to my satisfaction at that time. So, we will just kind of relax here. As you would say in the National Guard, at ease.

[Laughter.]

Senator FORD. And we will wait for Senator Domenici to arrive. He said he would be here in 5 minutes 3 minutes ago, so we will give him 120 seconds. We will just stand at ease till Senator Domenici comes.

[Pause.]

Senator FORD. Senator Domenici is here and he has some questions of the nominee.

Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman.

Let me first say that I have had an opportunity to speak with the nominee in my office, and I very much appreciate your finding time to do that at my convenience. I have been a little bit busy, so you had to accommodate your schedule.

I understand that you were very concerned about making sure that consumers of the United States get the price possible, and you told me that yesterday, or whenever it was we talked. I assume you have repeated that here today that that is one of your concerns and one of the reasons you have taken this job.

Mr. TERZIC. Yes.

Senator DOMENICI. I also wondered out loud with you why you would want this job.

[Laughter.]

Senator DOMENICI. But you did convince me that you had good motives.

Let me just tell you that I have a concern that remains with reference to various rate structures that exist with reference to natural gas. I explained that to you, and particularly I am concerned about Canadian gas and the various rate structures that might exist up there. What I am really interested in is I do not want those entities that buy natural gas to make a decision in buying this natural gas in ways that hide the ultimate price. I want us to end up understanding what the price structure really is, and I do not want to get it mixed up in rate structures that may be different in Canada than in the United States and the actual price of gas being somewhat subterfuged there where you do not really know what you are getting.

I have two reasons for that. Obviously, the consumers, but I obviously have American producers at stake there.

You are aware that previous Chairman Hesse was a proponent of the as-billed proposition which ended up being part of the FERC's approach to Canadian gas in an effort to make sure that you got to the price of gas, not including different rate structures that included transmission costs and the like.

Well, it is getting more complicated than that, and all I want you to do is to tell this Senator that you will keep an open mind on this issue and will try to get to a fair determination of this issue as it pertains to American price of gas versus Canadian gas moving from Canada into the United States. I believe it is going to end up being a very big problem in the United States. I think we are going

to find entities in California that have pipelines in Canada changing ownership and changing the way they are going to bill that gas and make it even more difficult for American gas to compete even though they might have had as cheap a natural gas as Canadian.

Now, I understand from my discussions that this is new to you, the as-billed issue is new to you. The Iroquois situation is new to you, and I am not addressing it. It is a particular case, but it is part of a phenomenon and a problem that I think could be very serious.

Would you please comment on this issue? Obviously, I do not want you to decide cases here or take positions, but I would like to know that you do not have a predisposition and that you will have an open mind on this issue.

Mr. TERZIC. Thank you, Senator.

Let me first assure you that I do have an open mind on the issue. I have not studied it. It has not been something I have worked on over my regulatory career. I think also I should indicate that in my 6 years of service as a public service commissioner and 3 almost as a racing chairman, a regulatory agency, I would believe that those familiar with me would say and testify that I have been fair, and I have been open-minded on all issues to come before me.

With respect to ratemaking issues, I believe I bring some additional sensitivity. At least I am familiar with retail ratemaking, which is in many regards more sophisticated and a larger body of analysis than I think is the case at the Federal level where it is a newer subject I think. And so, I would bring to the FERC my knowledge and sensitivity to the various ratemaking schemes and techniques and philosophies with an understanding of the ramifications. I think I can assure you that I can bring some additional sensitivity because I know from my experience that there are a great many ratemaking scenarios available and that they all have actual and real impacts. And I will be sensitive to that.

I will, of course, also be sensitive that some of this ratemaking impinges upon legal issues. And not being a lawyer, I will very carefully listen to legal advice both from counsel within the Commission and the legal pleadings that come before us from the parties that are affected, giving all equal opportunity that they deserve and using my best judgment and intellect to come up with a policy that is in the best interest of all the people.

If I might also respond to your earlier comment. I have frequently been quoted as saying that the consumer, the citizen of this country that we protect, is not just an individual in one dimension, but it is a person that both needs energy to use and also needs a place to work and needs to be protected in terms of national security. A citizen is not a one dimensional figure. It is a person that needs a job, and all of those aspects have been the ones that I have tried to follow through regulation.

I hope that has been responsive.

Senator DOMENICI. I thank you for that. I just have one other observation. Sometimes this is difficult because we all have had the opportunity to serve in a collegial way where we are on a committee in the Senate, on a board of directors. You happen to be a commissioner at FERC, but you are an independent commissioner, aren't you?

Mr. TERZIC. Yes, sir.

Senator DOMENICI. You do not work for the Chairman of the FERC, do you?

Mr. TERZIC. No, sir.

Senator DOMENICI. You do not work for the lawyers over there, do you?

Mr. TERZIC. No, sir, just the opposite.

[Laughter.]

Senator FORD. I believe he is going far.

[Laughter.]

Senator DOMENICI. So, do I take it that, if confirmed, you intend to go there and be independent with reference to your decision making based upon the laws of the land as you best understand them?

Mr. TERZIC. Yes, sir. I have in my prior service made my own decisions. I will look for solutions, but each Commissioner's vote is separate, is independent; and I will stand on my individual vote, my individual record, and my individual decisions.

Senator DOMENICI. Well, I just want to make one last plea to you. We have a very serious responsibility to be a fair trader with Canada, and we are. But we also have a responsibility to see to it that we do not have rules established in this country that make it harder for American independent producers to sell natural gas to Americans than for Canadians to sell it. I cannot make it any simpler than that. And I hope you will be concerned about that because ultimately that is a consumer issue.

Mr. TERZIC. I will, Senator. I am an American, a naturalized one, and I proudly accepted citizenship here. And I will be very sensitive to those issues.

Senator DOMENICI. Thank you very much.

Thank you, Mr. Chairman, for holding this open while I had a chance to come down and ask a few questions. I appreciate it.

Senator FORD. I am always delighted to do it for my friend.

I will reaffirm the fact that the record will stay open till 5 for written questions. After that it is closed.

We look forward to moving your nomination along, Mr. Terzic.

This hearing is adjourned.

[Whereupon, at 11:32 a.m., the hearing was adjourned.]

APPENDIXES

APPENDIX I

Informational Statement of Branko Terzic

UNITED STATES SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
STATEMENT FOR COMPLETION BY PRESIDENTIAL NOMINEES

Name: Terzic (LAST) Branko (FIRST) (OTHER)

Position to which nominated: Commissioner, F.E.R.C. Date of nomination: Sept. 19, 1990

Date of birth: 6 (DAY) 19 (MONTH) 47 (YEAR) Place of birth: Diepholz, Germany

Marital status: Married Full name of spouse: Judith A. Terzic

Name and ages of children: Dusan Alexander Terzic 10 years
Elizabeth Alexandra Olivera Terzic 8 years
Branko George Terzic III 4 years

Education:

Institution	Dates attended	Degrees received	Dates of degrees
University of Wisconsin Madison	1965 - 1968	n/a	n/a
University of Wisconsin Milwaukee	1969 - 1972	B.S. Engineering	5-28-197

Employment record: List below all positions held since college, including the title and description of job, name of employer, location, and dates.

1. Group Vice President (Management Consultant)
AUS Consultants, Milwaukee, Wisconsin 12/1986 to present

2. Chairman (State official), State of Wisconsin Racing Board, Madison, Wisconsin 5/88 to present

3. Comissioner (State official), State of Wisconsin Public Service Commission, Madison, Wisconsin 6/81 to 11/86

4. Partner (Municipal Consulting), Terzic-Mayer, Milwaukee, Wisconsin 4/79 to 5/81

Employment record—Continued

5. Vice President (Utility Consulting) Associated Utility Services, Milwaukee, Wisconsin 9/75 to 4/79
6. Staff Appraiser (Utility Consulting), American Appraisal Co., Milwaukee, Wisconsin 2/73 to 9/75
7. Environmental Engineer (Engineer), Wisconsin Electric Power Company, Milwaukee, Wisconsin 5/72 to 2/73

Military service: Describe any military service not listed above, including dates, rank, and type of discharge.

Captain, Field Artillery, Wisconsin Army Reserve National Guard, assigned to 1/121st BN F.A., status Inactive National Guard, enlisted May 1970.

Honors and awards: List below all scholarships, fellowships, honorary degrees, military medals, honorary society memberships, and any other special recognitions for outstanding service or achievement.

1. 1989 "Citizen of the Year", Greater Milwaukee Legal Auxiliary
2. 1972 Commander of Merit, Order of Merit Sovereign Military Order of Malta

Memberships: List below all memberships and offices held in professional, fraternal, business, scholarly, civic, charitable and other organizations.

Organization	Dates	Office held (if any)
1. Milwaukee Forum	1985-1990	n/a
2. Commissioner Emeritis	1986-1990	Vice President
3. Society of Depreciation	1987-1990	Founder, President
4. Serbian-American Chamber of Commerce	1990	Founder
5. American Gas Assoc.	1987-1990	n/a
6. National Association of Water Companies	1987-1990	n/a
7. NARUC National Regulatory Research Institute	1987-1990	Public Member
8. Serbian-American Voters Alliance	1989-1990	Director

Published writings: List the titles, publishers and dates of any books, articles, or reports you have written.

1. (Interview) "Reflections on the Regulatory Process" by James Boxall, Public Utilities Fortnightly, December 26, 1986
2. (Article) "Gas in Britain: Regulation of a Privatised Former State Monopoly", Public Utilities Fortnightly, May 26, 1988
3. (Article) "Adventures in Ratemaking", The Energy Daily, June 30, 1988

Future employment relationships:

1. Will you sever all connections with your present employer, business firm, association or organization if you are confirmed by the Senate?

Yes

2. Do you have any plans after completing government service to resume employment, affiliation or practice with your current or any previous employer, business firm, association or organization?

No

3. Has a commitment for employment after you leave government been made to you by anyone? Have you made any such commitment?

No, No

4. (a) If you have been appointed for a fixed term, do you expect to serve the full term?

Yes

Future employment relationships—Continued

(b) If you have been appointed for an indefinite term, are there any known limitations on your willingness or ability to serve for the foreseeable future?

N/A

Financial statement:

1. Attach a copy of your Executive Personnel Financial Disclosure Report (SF 278).

2. List sources, amounts and dates of all anticipated receipts from deferred income arrangements, stock options, uncompleted contracts and other future benefits which you expect to derive from previous business relationships, professional services and firm memberships or from former employers, clients, and customers. Amounts should be indicated by the categories established for reporting income on Form SF 278, Schedule A.

None

3. Are you currently a party to any legal action? If so, describe its nature and status.

No

4. Have you ever declared bankruptcy? If so, describe the circumstances.

No

5. Have you filed a Federal income tax return for each of the last 10 years? If not, please explain.

Yes

6. Has the Internal Revenue Service ever audited your Federal tax return? If so, what resulted from the audit?

No

Potential conflicts of interest:

1. List any investments, obligations, liabilities, or other relationships which might involve potential conflicts of interest with the position to which you have been nominated.

None

2. Describe any business relationship, dealing or financial transaction (other than taxpaying) that you have had during the last 10 years with the Federal Government, whether for yourself or relatives, on behalf of a client, or acting as an agent, which might in any way constitute or result in a possible conflict of interest with the position to which you have been nominated.

None

3. Describe any lobbying activity which you have performed during the past 10 years with respect to legislative or administrative actions at the Federal, State or local level.

6/87 to 12/87 State of Wisconsin, registered as lobbyist for potential contacts on behalf of client. No lobbying performed.

4. Have you been informed of the conflict of interest laws and regulations applicable to the position to which you have been nominated?

Yes

Potential conflicts of interest—Continued

5. Explain how you will resolve any potential conflict of interest that may be disclosed by your responses to this form and the attachments thereto. Attach a statement of the appropriate agency ethics official explaining the applicable laws or regulations, any potential conflicts, and the action required to resolve such conflicts.

I will remove the conflict, or any appearance thereof, by following the direction and advice given by the appropriate Agency Ethics Office.

6. Explain how you will resolve any potential conflicts of interest that may arise in the future if you are confirmed for the position for which you have been nominated.

I would remove the conflict after receiving advice from the appropriate government officials or recuse myself from any involvement in the matter.

Public disclosure: Do you have any objections to this form and the attachments thereto being made public?

No

AFFIDAVIT

I, BRANKO TERZIC being duly sworn, hereby state that I have read the foregoing Statement for Completion by Presidential Nominees, including all attachments thereto, and that the information provided therein is, to the best of my knowledge and belief, current, accurate, and complete.

Branko Terzic
(Signature of Nominee)

Subscribed and sworn to before me this 24th day of September 19 90

Blanche V. Welhaven
Notary Public

My commission expires 1/14/91

Form approved by the Committee February 5, 1985.

U.S. GOVERNMENT PRINTING OFFICE: 1987—87-074

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 24, 1990

Mr. Branko Terzic
606 Wisconsin Avenue
Milwaukee, WI 53202

Dear Mr. Terzic:

This letter serves as the statement from the Designated Agency Ethics Counselor of the Commission required by question six (page five) of the Statement for Completion by Presidential Nominees that you are submitting to the United States Senate Committee on Energy and Natural Resources. I have reviewed your Standard Form 278 (Financial Disclosure Report), re-executed July 30, 1990, and have issued my opinion to Stephen D. Potts, Director, Office of Government Ethics, that subject to the undertakings described below, the Form discloses no conflicts of interest under the Department of Energy Organization Act (DOE Act), Pub. L. No. 95-91, the Commission's Standards of Conduct (18 C.F.R. §§ 3c.201-206) or the conflict of interest provisions generally applicable to Federal Government officials. My opinion is based on the understanding that, upon confirmation by the Senate, you will terminate your relationship with Associated Utility Services, Inc. (AUS), and cease all consulting arrangements; withdraw completely from the AUS, Inc. Thrift Savings Plan; and resign your positions with the National Regulatory Research Institute, Serbian American Voters Alliance, Serbian-American Chamber of Commerce, State of Wisconsin Racing Board, Racing Commissioners International, Alverno College, and the Milwaukee Ethnic Council.

Section 602(a) of the DOE Act prohibits supervisory employees from knowingly receiving compensation from, holding any official relation with, or having any pecuniary interest in, any energy concern. The term "energy concern" is defined in Section 601(b) of the DOE Act to include any entity "significantly engaged in the business" of energy development, extraction, production, refining, transportation, distribution or sale, or significantly engaged in conducting research and development related to these activities, or in research, development or demonstration under a DOE-funded program. The term also includes any entity holding an interest in property from which coal, natural gas, crude oil, nuclear material or a renewable resource is commercially produced or obtained. Under DOE regulations, a widely diversified mutual fund does not constitute an energy concern. 10 C.F.R. 1010.103(k)(4). Section 401(b) of the DOE Act provides that a Commissioner "shall not engage in any other business, vocation, or employment while serving on the Commission."

Further, Section 208, Title 18, United States Code, and the applicable Commission regulation, 18 C.F.R. § 3c.204(b)(3), prohibit a government official from participating personally and substantially in any particular matter in which he, his spouse, minor child, partner, or organization in which he is serving as officer, director, trustee, partner, or employee, has a financial interest, or in which a prospective employer has a financial interest. This provision has been interpreted to prohibit participation in any particular matter whose effect on the relevant financial interest would be direct and predictable.

If I may be of further assistance, please let me know.

Sincerely,

Michael Schopf
Associate General Counsel
Enforcement and General &
Administrative Law

Enclosures

cc: Senate Committee on
Energy and Natural Resources

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

September 24, 1990

Honorable Stephen D. Potts
Director
Office of Government Ethics
1201 New York Avenue, N.W.
Suite 500
Washington, DC 20005

Dear Mr. Potts:

This letter is to advise you that I have received and reviewed the Executive Personnel Financial Disclosure Report, Form 278, of Branko Terzic. Mr. Terzic has advised me that he intends, upon confirmation by the Senate, to terminate his relationship with Associated Utility Services (AUS), Inc. and cease all consulting arrangements; withdraw completely from the AUS, Inc. Thrift Savings Plan; and resign all positions listed in Schedule D, Part I, of his financial report. Based on these undertakings, I have approved Mr. Terzic's financial form. I find that it discloses no assets that could give rise to a conflict of interest under the Department of Energy Organization Act, Pub. L. No. 95-91, the Commission's Standards of Conduct, or the conflict of interest provisions generally applicable to Federal Government officials.

I am enclosing Mr. Terzic's financial form, which I have signed, and his job description as required by the financial disclosure regulations of the Office of Government Ethics. I will be happy to provide any further assistance you may find helpful.

Sincerely,

Michael Schopf
Associate General Counsel
Enforcement and General &
Administrative Law

Enclosures

Financial Disclosure Report

Form Approved
OMB No. 3209-0001

SF 278 (Rev. 1/87)
5 USC Chapter 131
U.S. Office of Personnel Management

Reporting Status (Check Appropriate Box)		Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee or Candidate ☐ Termination Filer				

Reporting Individual's Name	Last Name: Terzic; First Name and Middle Initial: Branko (nmn)
Position for Which Filing	Title of Position: Commissioner; Department or Agency (If Applicable): Federal Energy Regulatory Commission
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 606 E. Wisconsin Avenue, Milwaukee, WI 53202; Telephone No. (Include Area Code): (414)271-8580
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held:

Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination	Do You Intend to Create a Qualified Diversified Trust?
	Energy	☐ Yes ☒ No

Certification I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Signature of Reporting Individual: Branko Terzic	Date (Month, Day, Year): 6/23/90 * *technical changes re-executed 7/30/90
Other Review (If desired by agency)	Signature of Other Reviewer:	Date (Month, Day, Year):
Agency Ethics Official's Opinion The information contained in this report discloses no conflict of interest under applicable laws and regulations	Signature of Designated Agency Ethics Official/Reviewing Official: [signature]	Date (Month, Day, Year): 7/24/90
Office of Government Ethics Use Only	Signature:	Date (Month, Day, Year):

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A (except for BLOCK D), C, and D. (Candidates do not file Part II of Schedule D.

- **Schedule A**—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I (Liabilities)**—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II (Agreements and Arrangements)**—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

Mr. Terzic has agreed, upon confirmation, to terminate his relationship with AUS, Inc. and to cease all consulting arrangements, to withdraw completely from the AUS Consultants Thrift Savings Plan, and to resign from all positions listed in Schedule D, Part I.

(Check box if comments are continued on the reverse side) ☐

NSN 7540-01-070-6444

PREVIOUS EDITION USABLE

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5 CFR Part 2634
U.S. Office of Personnel Management

Reporting Individual's Name	Assets and Income	Page Number		Schedule A
Branko Terzic				

All Filers: In BLOCK A report (a) the identity of each asset held for the production of income at the close of the reporting period which had a fair market value exceeding $1000 and (b) any other asset or source of income which generated over $100 in income during the reporting period. This includes but is not limited to employers, stocks, bonds, tax shelters, bank accounts, real property, mutual funds, pensions, IRA assets, assets of certain trusts, commodities futures, personal businesses and partnership interests. Exclude your personal residence unless you rent it out. See instructions for rules on bank accounts and complex holdings.

All Filers: In BLOCK B report the value of each asset listed in BLOCK A which had a fair market value exceeding $1000 at the close of the reporting period.

All Filers: In BLOCK C report the type and amount of income exceeding $100 received from the assets and other sources of income listed in BLOCK A. You must report the actual amount of any income not of a type specifically noted below. You need not report the actual amount of your spouse's earned income, only the source in BLOCK A. You may not check "qualified trust" unless you have a blind trust which has been specifically approved by the Office of Government Ethics. If you, your spouse or dependent child are the beneficiary of a trust which no one of you created and has no knowledge of the assets, refer to the instructions to see if it qualifies as an "excepted trust." If "none" (or less than $101) is checked under Category of Amount of Income, no other entries need be made in BLOCK C for that item.

Incumbents and Termination Filers only: In BLOCK D, for any real property, stocks, bonds, commodities futures and other securities listed in BLOCK A, did you purchase, sell, or exchange the item during the reporting period for a value that exceeds $1000?

BLOCK A Assets & Income Sources	BLOCK B Valuation of Assets							BLOCK C Income														BLOCK D Transactions Test	
	Category of Value (X)							Type of Income (X)							Category of Amount of Income (X)								If yes, complete Sched. B Part I for these assets (including those sold) for a loss
Identify each asset and income source of yours, your spouse(S) and your dependent child (DC)	None (or less than $1001)	$1,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	$100,001 - $250,000	$250,001 - $500,000	Over $500,000	Dividends	Rent	Interest	Capital Gains	Excepted Trust	Qualified Trust	Other (Specify Type)	None (or less than $101)	$101 - $1,000	$1,001 - $2,500	$2,501 - $5,000	$5,001 - $15,000	$15,001 - $50,000	$50,001 - $100,000	Over $100,000	Actual Amount Only if "Other" Specified	Date (Mo., Day, Yr.) Only if Honoraria	YES	NO
NONE ☐																										
Examples: X Y Z Common				X				X									X									
One Jones & Smith Hometown USA														partnership income									$50,000			
AUS Consultants			X											employment income									169,000			
AUS Consultants Pension/401k Plan			X					X		X					X											
State of Wisconsin Racing BD														per diem compensation									1,000			
Savings account Bank One Milwaukee, WI		X								X					X											

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278-210

...Chapter 131
...Office of Personnel Management

Form Approved
OMB No. 3209-0002

Reporting Individual's Name

Branko Terzic

Page Number		Schedule B

Part I
Transactions

Incumbents and Termination Filers only: Report any purchase, sale or exchange by you, your spouse or dependent child during the reporting period of any real property, stocks, bonds, commodities futures, and other securities when the amount of the transaction exceeded $1,000. Include transactions that resulted in a loss. Do not report a transaction involving property used solely as your personal residence, or a transaction between you, your spouse or your dependent child.

NONE ☐

Example	Identification of Assets	Type of Transaction (X)				Amount of Transaction (X)					
		Purchase	Sale	Exchange	Date (Mo., Day, Yr.)	$1,001-$8,000	$8,001-$15,000	$15,001-$50,000	$50,001-$100,000	$100,001-$250,000	Over $250,000
Example	X Y Z Common	X			2/1/83			X			

Part II
Gifts, Reimbursements and Travel Expenses

Incumbents and Termination Filers only:
Report the source, a brief description and the value of (1) gifts of transportation, lodging, food or entertainment received from one source totaling $250 or more unless received as personal hospitality at the donor's personal or family residence; (2) other gifts received from one source totaling $100 or more in value; and (3) cash reimbursements of $250 or more received from one source. Exclude gifts and reimbursements received by your spouse that were given totally independent of their relationship to you. **Exclude** transportation, lodging, food and reimbursements from the U.S. Government. For (1) and (2), **exclude gifts from relatives and exclude gifts of $35 or less when aggregating them for the total from one source.** See instructions for further exclusions.

NONE ☐

	Source (Name and Address)	Brief Description	Value
Example	Nat'l Assn. of Rock Collectors, NY, NY	Airline ticket, hotel room & meals incident to national conference 6/15/83	$600
Example	Nat'l Assn. of Rock Collectors, NY, NY	Leather briefcase for retiring president	$125

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278-100

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Reporting Individual's Name

Branko Terzic

Page Number		Schedule C

Part I
Liabilities

All Filers: Report liabilities over $10,000 owed to any one creditor at any time during the reporting period by you, your spouse or dependent child. Check the highest amount owed during the reporting period. **Exclude** a mortgage on your personal residence unless it is rented out, loans secured by automobiles, household furniture or appliances, and liabilities owed to relatives. See instructions for revolving charge accounts.

NONE [X]

	Creditor (Name and Address)	Type of Liability	Date Incurred	Interest Rate	Term if applicable	Category of Amount or Value (X) $10,001 to $15,000	$15,001 to $50,000	$50,001 to $100,000	$100,001 to $250,000	Over $250,000
S or DC	From plan: First District Bank, Washington, DC	Mortgage on rental property, Rehoboth Beach, Delaware	1981	13%	25 yrs			X		
	John Jones, 123 J St., Washington, DC	Promissory note	1979	10%	on demand	X				

Part II
Agreements Or Arrangements

All Filers: Report your agreements or arrangements for future employment, leaves of absence, continuation of pay ment by a former employer (including severance payments), or continuing participation in an employee benefit plan. See instructions regarding the reporting of negotiations for any of these arrangements or benefits.

NONE [ ]

	Status and Terms of any Agreement or Arrangement	Parties	Date (Mo., Yr.)
remote	Pursuant to partnership agreement, will receive rental account & partnership share calculated on service performed through 11/83	Doe Jones & Smith, Home town, USA	7/79 partnership agmnt
	AUS Consultants Employee Pension/401k Plan		

...ting Individual's Name

Branko Terzic

Page Number		Schedule D

rt I
sitions Held Outside U.S. Government

Filers: Report any positions held during the applicable ...rting period. Positions include but are not limited to ...e of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
...mples: Nat'l Assn of Rock Collectors, NY, NY	Non profit education	President	6/82	6/83
Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/76	11/83
National Regulatory Research Institute, Columbus OH	non-profit educational	Director	6/87	--
Serbian American Voters Alliance, Washington, DC	registered PAC	Director	2/89	--
Associated Utility Services Inc., Mt Laurel, NJ	Consulting firm	Director, Officer	12/86	--
State of Wisconsin Racing Board	State body	Chairman	5/27/88	--
Alverno College	educational institution	Member, President's Counc	1 1/88	--
Milwaukee Forum	non-profit community org.	Member	9/1/85	5/1/90

t II
npensation In Excess Of $5000
d by One Source

...inees and New Entrants only: Report sources of such ...pensation received by you or your business affiliation for ...ces directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government as a source.

NONE ☐

Source (Name and Address)	Brief Description of Duties
...mples: Doe Jones & Smith, Hometown, USA	Legal services
Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction
Milwaukee County (Government) Milwaukee, WI	Engineering consulting services
Milwaukee Metropolitan Sewerage District (Gov't) Milw., WI	Engineering consulting services
Madison Gas & Electric Co., Madison, WI	Consulting services in area of rates and policies
...erican Water Works, Inc., Vorhees, NJ	Consulting services in privatization of water systems
...NR Pipeline Co., Detroit, MI	Consulting services in rates
...OBS Alliance, Milwaukee, WI	Consulting services in area of sewer rates

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Office of Personal Management

Reporting Individual's Name

Branko Terzic

Form Approved
OMB No. 3209-0007

Page Number		Schedule D

II
Positions Held Outside U.S. Government

Instructions: Report any positions held during the applicable reporting period. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities or those solely of an honorary nature.

NONE ☐

	Organization (Name and Address)	Type of Organization	Position Held	From (Mo., Yr.)	To (Mo., Yr.)
Examples	Natl Assn of Rock Collectors, NY, NY	Non profit education	President	6/82	6/83
	Doe Jones & Smith, Hometown, USA	Law firm	Partner	7/78	11/83
	Milwaukee Ethnic Council	community assoc.	Member	1/88	--
	Racing Commissioners International	association of racing regulators	Director/Member	7/88	--
	Serbian-American Chamber of Commerce	non-profit educational	Organizer/Member	1/90	--

III
Compensation in Excess Of $5000 by One Source

Trustees and New Entrants only: Report sources of such compensation received by you or your business affiliation for services directly provided by you during the reporting period. This includes the names of clients and customers of any corporation, firm, partnership or other business enterprise, or any nonprofit organization, when you directly provided the services generating a fee or payment of more than $5,000. You need not report the U.S. Government.

NONE ☐

	Source (Name and Address)	Brief Description of Duties
Examples	Doe Jones & Smith, Hometown, USA	Legal services
	Metro University (client of Doe Jones & Smith) Hometown, USA	Legal services in connection with university construction

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United States
Office of Government Ethics
Suite 500, 1201 New York Avenue, N.W.
Washington, D.C. 20005-3917

September 27, 1990

The Honorable J. Bennett Johnston
Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Mr. Branko Terzic who has been nominated by President Bush for the position of Commissioner of the Federal Energy Regulatory Commission.

We have reviewed the report and have also obtained advice from the Federal Energy Regulatory Commission concerning any possible conflict in light of its functions and the nominee's proposed duties.

Mr. Terzic has agreed that, upon confirmation, he will terminate his relationship with Associated Utility Services, Inc. (AUS), cease all consulting arrangements and withdraw completely from the AUS, Inc. Thrift Savings Plan. Additionally, he has agreed to resign from certain positions indicated in Schedule D Part I. These arrangements are detailed in the attached letters from Mr. Terzic dated September 26, 1990, and the Commission's ethics official dated September 24, 1990. We have also been advised that Mr. Terzic will recuse himself from participation in any matters uniquely involving AUS, Inc. or his former clients listed in Schedule D Part II, for the period necessary to avoid even the appearance of conflict, as determined by the ethics official.

Subject to the fulfillment of these commitments, we believe that Mr. Terzic will be in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Stephen D. Potts DPC
Stephen D. Potts
Director

Enclosures

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON D C 20426

September 24, 1990

Mr. Branko Terzic
606 Wisconsin Avenue
Milwaukee, WI 53202

Dear Mr. Terzic:

This letter serves as the statement from the Designated Agency Ethics Counselor of the Commission required by question six (page five) of the Statement for Completion by Presidential Nominees that you are submitting to the United States Senate Committee on Energy and Natural Resources. I have reviewed your Standard Form 278 (Financial Disclosure Report), re-executed July 30, 1990, and have issued my opinion to Stephen D. Potts, Director, Office of Government Ethics, that subject to the undertakings described below, the Form discloses no conflicts of interest under the Department of Energy Organization Act (DOE Act), Pub. L. No. 95-91, the Commission's Standards of Conduct (18 C.F.R. §§ 3c.201-206) or the conflict of interest provisions generally applicable to Federal Government officials. My opinion is based on the understanding that, upon confirmation by the Senate, you will terminate your relationship with Associated Utility Services, Inc. (AUS), and cease all consulting arrangements; withdraw completely from the AUS, Inc. Thrift Savings Plan; and resign your positions with the National Regulatory Research Institute, Serbian American Voters Alliance, Serbian-American Chamber of Commerce, State of Wisconsin Racing Board, Racing Commissioners International, Alverno College, and the Milwaukee Ethnic Council.

Section 602(a) of the DOE Act prohibits supervisory employees from knowingly receiving compensation from, holding any official relation with, or having any pecuniary interest in, any energy concern. The term "energy concern" is defined in Section 601(b) of the DOE Act to include any entity "significantly engaged in the business" of energy development, extraction, production, refining, transportation, distribution or sale, or significantly engaged in conducting research and development related to these activities, or in research, development or demonstration under a DOE-funded program. The term also includes any entity holding an interest in property from which coal, natural gas, crude oil, nuclear material or a renewable resource is commercially produced or obtained. Under DOE regulations, a widely diversified mutual fund does not constitute an energy concern. 10 C.F.R. 1010.103(k)(4). Section 401(b) of the DOE Act provides that a Commissioner "shall not engage in any other business, vocation, or employment while serving on the Commission."

Further, Section 208, Title 18, United States Code, and the applicable Commission regulation, 18 C.F.R. § 3c.204(b)(3), prohibit a government official from participating personally and substantially in any particular matter in which he, his spouse, minor child, partner, or organization in which he is serving as officer, director, trustee, partner, or employee, has a financial interest, or in which a prospective employer has a financial interest. This provision has been interpreted to prohibit participation in any particular matter whose effect on the relevant financial interest would be direct and predictable.

If I may be of further assistance, please let me know.

Sincerely,

Michael Schopf
Associate General Counsel
Enforcement and General &
Administrative Law

Enclosures

cc: Senate Committee on
Energy and Natural Resources

Branko Terzic P.E.
608 E WISCONSIN AVENUE • MILWAUKEE, WISCONSIN 53202

September 26, 1990

The Honorable J. Bennett Johnston
Chairman
Committee on Energy and Natural Resources
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Please be advised that, pursuant to section 201(b) of the Ethics in Government Act of 1978, as amended, and implemented by 5 C.F.R. § 2634.604(d), I have informed the appropriate ethics officials that the information required by section 202(a)(1)(A) of the Act with respect to income and honoraria contained in the Standard Form 278 (Financial Disclosure Report) originally executed by me on June 23, 1990, is current as of September 26, 1990, except that, since the execution of that report, I have received $30,708 in earned income from AUS Consultants in addition to the amount reported on Schedule A, line 1 of the report.

I would also like to take this opportunity to clarify my organizational memberships and associations. While the memberships and offices I have held in various organizations have all been reported to the Committee in the Statement for Completion by Presidential Nominees or in my Financial Disclosure Report (Form 278, Schedule D, Part I), I have inadvertently omitted from each of these documents certain positions that have been included in the other.

Specifically, the Financial Disclosure Report mistakenly omits my memberships in the American Gas Association, the National Association of Water Companies, and the Society of Depreciation Professionals. Also omitted is my position in Commissioner Emeritus. Similarly, the Statement for the Committee fails to include my positions with Alverno College and the Milwaukee Ethnic Council which are mentioned in the financial report.

Branko Terzic P.E.
828 E. WISCONSIN AVENUE • MILWAUKEE, WISCONSIN 53202

The American Gas Association and the National Association of Water Companies should be added to the list of organizations from which I agree to resign upon confirmation by the Senate. Based on the advice of the Federal Energy Regulatory Commission's ethics official, I intend to continue my membership in the Society of Depreciation Professionals and Commissioner Emeritus. The Society of Depreciation Professionals is a professional association of depreciation engineers. It takes no position on energy issues. Commissioner Emeritus is purely a social organization of former state commissioners and takes no position on regulatory issues.

Sincerely yours,

Branko Terzic

Subscribed and sworn to before me this 26th day of September, 1990.

Blanche V. Williams
Notary Public My commission expires 1/14/91

cc: The Honorable James A. McClure
Ranking Minority Member

The Honorable Stephen D. Potts
Director, Office of Government Ethics

Michael Schopf
Associate General Counsel,
Enforcement and General &
Administrative Law

Financial Disclosure Report

Page

Reporting Status (Check Appropriate Box)			Agency Use Only	OGE Use Only	Date of Appointment, Candidacy, Election or Nomination (Mo., Day, Yr.)	Termination Date (If Applicable) (Month, Day, Year)
☐ Incumbent	☒ New Entrant, Nominee, or Candidate	☐ Termination Filer		SEP 24 1990	9/20/90	

Reporting Individual's Name	Last Name: Terzic	First Name and Middle Initial: Branko (nmn)
Position for Which Filing	Title of Position: Commissioner	Department or Agency (If Applicable): Federal Energy Regulatory Commission
Location of Present Office	Address (Number, Street, City, State and ZIP Code): 606 E. Wisconsin Avenue, Milwaukee, WI 53202	Telephone No. (Include Area Code): (414)271-8580
Position(s) Held With the Federal Government During the Preceding 12 Months (If Not Same as Above)	Title of Position(s) and Date(s) Held:	
Presidential Nominees Subject to Senate Confirmation	Name of Congressional Committee Considering Nomination: Energy	Do You Intend to Create a Qualified Diversified Trust? ☐ Yes ☒ No

Certification	Signature of Reporting Individual	Date (Month, Day, Year)
I CERTIFY that the statements I have made on this form and all attached schedules are true, complete and correct to the best of my knowledge and belief.	Branko Terzic	6/23/90 * *technical changes re-executed 7/30/90
Other Review (If desired by agency)	Signature of Other Reviewer	Date (Month, Day, Year)
Agency Ethics Official's Opinion	Signature of Designated Agency Ethics Official/Reviewing Official	Date (Month, Day, Year)
The information contained in this report discloses no conflict of interest under applicable laws and regulations.	[signature]	9/24/90
Office of Government Ethics Use Only BLR 9/27/90 BLR 9/27/90	Signature: Stephen D. Potts	Date (Month, Day, Year): 9-27-90

Reporting Periods

Incumbents: Complete Schedules A, B, C, and Part I of D. The reporting period is the preceding calendar year except for Part II of Schedule C and Part I of Schedule D where you must also include any positions held or agreements or arrangements made from the beginning of the filing year until the date you file.

Termination Filers: Complete Schedules A, B, C, and Part I of D. The reporting period begins at the end of the period covered by your previous filing and ends at the date of termination.

Nominees, New Entrants and Candidates for President and Vice President: Complete Schedules A (except for BLOCK D), C, and D. (Candidates do not file Part II of Schedule D.

- **Schedule A**—The reporting period for income (BLOCK C) is the preceding calendar year and the current calendar year up to the date of filing. Value assets in BLOCK B as of any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part I** (Liabilities)—The reporting period is the preceding calendar year and the current calendar year up to any date you choose that is within 31 days of the date of filing.
- **Schedule C, Part II** (Agreements and Arrangements)—Show any agreements or arrangements as of the date of filing.
- **Schedule D**—The reporting period is the preceding two calendar years and the current calendar year up to the date of filing.

Comments of Reviewing Officials (If additional space is required, use the reverse side of this sheet)

Mr. Terzic has agreed, upon confirmation, to terminate his relationship with AUS, Inc. and to cease all consulting arrangements, to withdraw completely from the AUS Consultants Thrift Savings Plan, and to resign from all positions listed in Schedule D, Part I.

1/ INFORMATION OBTAINED FROM H. SCHOPP, DADE, DAJ 8/1/90 BLR 9/26/90

2/ INFORMATION ADDED AS/SAT TO 9/26/90 LETTER FROM MR. TERZIC. BLR 9/27/90

(Check box if comments are continued on the reverse side) ☐

PREVIOUS EDITION USABLE

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APPENDIX II

Responses to Additional Questions From Branko Terzic

October 2, 1990

Honorable J. Bennett Johnston
Chairman, Committee on Energy and Natural Resources
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are my responses to questions for the record of the Senate Energy and Natural Resources Committee's September 28 confirmation hearing to consider my nomination to serve as a member of the Federal Energy Regulatory Commission.

If you have any further questions or need additional information, please do not hesitate to let me know.

Sincerely,

BRANKO TERZIC.

Responses Follow

QUESTION NO. 1: Have you ever been investigated, arrested, charged or held by any Federal, State or other law enforcement authority for violation of any Federal, State, county or municipal law, regulation, or ordinance, other than a minor traffic offense? If so, please explain.

ANSWER: No. It is my understanding that the Wisconsin Racing Board is not a "law enforcement" agency. However, in the interest of full disclosure I would add, for the record, that there was an administrative investigation in 1989 by the staff of the State of Wisconsin Racing Board, of which I am Chairman, into the awarding of licenses in May of 1989 to build, own and operate race tracks. This investigation was initiated in response to an allegation by an unsuccessful applicant in civil litigation questioning the Board's decisionmaking process. All members of the five person Race Board were included within the scope of this investigation. The staff investigation into these allegations found no wrong-doing on behalf of the Board and the plaintiff that raised this allegation dismissed its lawsuit.

QUESTION NO. 2: Have you ever been convicted (including a plea of guilty or nolo contendere) of any criminal violation other than a minor traffic offense?

ANSWER: No.

QUESTION NO. 3: Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

ANSWER: No. However, while I have never been disciplined or cited for a breach of ethics, I should note for the record that in November, 1987, I sent a $50 check to help cover expenses for Governor Tommy Thompson's birthday party. It was my understanding that the check was to help cover the costs of cake, refreshments and other party expenses.

Unrelated to this, by that date I had already mailed to the Secretary of State a letter of resignation as a registered lobbyist, but the letter was not received until the following day. Recognizing that my check was not intended for use as a campaign contribution and was written one day before my status as a registered lobbyist terminated, state officials concluded that my action resulted from human error rather than any unintentional violation of law and that no disciplinary measures other than a reprimand were appropriate. As a result, I received a letter of repri-

mand from the Wisconsin Secretary of State on June 28, 1989, for this unintentional violation of state rules against campaign contributions by registered lobbyists.

QUESTION NO. 4: Have you or your spouse ever represented in any capacity (e.g., employee, attorney, business, or political adviser or consultant), with or without compensation, a foreign government or an entity controlled by a foreign government? If so, please fully describe such relationship.

ANSWER: No.

QUESTION NO. 5: If you or your spouse have ever been formally associated with a law, accounting, public relations firm or other service organization, have any of your or your spouse's associates represented, in any capacity, with or without compensation, a foreign government or any entity controlled by a foreign government? If so, please fully describe such relationship.

ANSWER: No.

QUESTION NO. 6: During the past ten years have you or your spouse received any compensation from, or been involved in any financial or business transactions with, a foreign government or an entity controlled by a foreign government? If so, please furnish details.

ANSWER: No.

QUESTION NO. 7: Have you or your spouse ever registered under the Foreign Agents Registration Act? If so, please furnish details.

ANSWER: No.

QUESTION NO. 8: Were all your taxes (Federal, State, and local) current (filed and paid) as of the date of your nomination hearing? If not, please explain.

ANSWER: Yes.

QUESTION NO. 9: Have all your Federal, State, and local taxes always been paid on time? If not, please explain.

ANSWER: Yes.

QUESTION NO. 10: If confirmed, are there any known limitations on your willingness or ability to serve for your full term or until the next Presidential election, whichever is applicable?

ANSWER: No.

QUESTION NO. 11: Please advise the Committee of any additional information, favorable or unfavorable, which you think the Committee would want to be aware of in considering your nomination.

ANSWER: None.

QUESTION NO. 12: Are you aware of the length of time it is currently taking the Commission to process environmental review for pipeline expansion projects? Do you see ways to expedite the certification proceedings?

ANSWER: I would expect that the length of time required to process the environmental review for pipeline expansion projects varies substantially based on the length of the proposed expansion and the geographical area in which the expansion would be located. It is my understanding that in some cases the environmental review has been completed in approximately two months, while in a few cases such review has taken more than two years to complete. It is also my understanding that a portion of the time needed for the environmental review process often is taken up by the need to get the applicant to submit additional information necessary for the review to be performed.

I have been advised that the Commission recently issued a Notice of Proposed Rulemaking in which it has proposed revisions to its regulations governing certificates for construction, with a view to expediting the overall review process. If confirmed, I will be interested in examining that proposed rulemaking and the comments which are filed in order to improve, in an environmentally acceptable way, the timeliness of the review process.

QUESTION NO. 13: In the interest of expediting the Commission's environmental review of new construction applications, would you support a proposal whereby an applicant for a section 7 certificate would bear the cost of an environmental consultant chosen by the Commission?

ANSWER: Yes, if appropriate steps were taken to ensure that the potential issues concerning the integrity of the process were addressed. For example, a potential conflict of interest could arise from the fact that a consultant might be influenced in preparing his environmental recommendations if there was a direct relationship with the entity paying for the environmental review. Thus, I would certainly be willing to review proposals to expedite the environmental review process along the lines suggested in the question if such a proposal would not diminish the quality of the technical analysis or raise potential due process type concerns.

QUESTION NO 14: If so, would you support any legislative or administrative action which may be deemed necessary to allow applicants to pay for a consultant?

ANSWER: I understand that the Commission presently is examining this matter to see if any action is necessary. If there are limitations on the Commission's authority, I would be willing to consider, within the context of what was stated earlier, appropriate steps that would facilitate the Commission's responsibility to process applications on a timely basis.

QUESTION NO. 15: Would you support FERC limiting its review of related non-jurisdictional facilities related to a jurisdictional project in a manner similar to that chosen by the Army Corps of Engineers, i.e., limiting its definition of major Federal action to those actions which it has "sufficient control and responsibility to warrant Federal review?" The Corps review limitations are consistent with principles upheld in two Federal Circuit Court opinions. Do you believe FERC should follow the Corps lead?

ANSWER: I am not familiar with the court opinions you reference; however, in determining the scope of the Commission's environmental review of applications before it, I will of course consider the applicability of all relevant case law on the subject.

QUESTION NO. 16: In today's market, producers and marketers can price their products according to market forces in response to competition and seasonal business effects, thereby undercutting pipeline prices when the value of the service is low and charging above pipeline prices when the value of the service is high. How would you propose to deal with the dilemma of setting rates for a regulated industry which is doing business in an unregulated marketplace? That is, how do you see setting rates flexibly enough for regulated pipelines to compete with unregulated parties who have few or no restrictions on their rates.

ANSWER: As a general matter, I believe that rates set by a regulatory agency must comply with appropriate law and need to reflect the real world service requirements of the regulated entities' customers. Regulatory ratemaking at the state level has included such considerations as: "flexible" rates, seasonal rates, time-of-day rates, interruptible rates, etc. I am open to tariff proposals by regulated companies which respond to customer needs and market realities. In addition, one approach would be that if a regulated pipeline faces competition from unregulated parties in the sale of gas, the pipeline could be permitted to charge an unregulated price so long as the unregulated price is not subsidized by the pipeline's regulated services and the pipeline cannot exercise market power. For example, in many instances, the transportation function is unlikely to be a truly competitive service. Therefore, it may be necessary for the pipeline to provide comparable transportation service to both its sales customers and to those customers who choose to buy from other sellers.

QUESTION NO. 17: Many states have experimented with non-traditional forms of ratemaking such as price caps and incentive rates, especially for electric utilities. Would you consider such alternatives to the current practice of historical, original cost ratemaking for the natural gas pipeline industry?

ANSWER: Yes, as permitted by applicable law. Non-traditional forms of ratemaking would be alternatives to historical, original cost ratemaking provided. One consideration might be that the particular pipeline faces sufficient competition to ensure that non-cost based rates are just and reasonable as required by the Natural Gas Act. For example, a pipeline might charge a market-based commodity charge where it faces sufficient competition at the wellhead and its customers have meaningful access to alternative wellhead supplies. As indicated in my answer to question number 16, in some instances the transportation function of a pipeline is not likely to face competition. Thus, market-based rates for transportation may not be appropriate. However, I would certainly entertain other transportation rate proposals to encourage efficient pipeline operation.

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